

**BEFORE THE COMMISSIONER
OF THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:)
)
FARMERS MUTUAL INSURANCE COMPANY)
OF GREENE COUNTY, TENNESSEE) **TID No.: 23-050**

ORDER ADOPTING EXAMINATION REPORT

Pursuant to Tenn. Code Ann. § 56-22-115, the Insurance Division of the State of Tennessee, Department of Commerce and Insurance (“Division”) has examined certain affairs of Farmers Mutual Insurance Company of Greene County, Tennessee (“Company”), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of December 31, 2021, the examiner-in-charge filed a verified, written report on the examination with the Division on May 11, 2023. A copy of that report was sent to the Company. (The Report on Examination of the Company is attached hereto and marked as Exhibit A).

The Division received a response regarding the report from the Company dated June 15, 2023. (The written response submitted by the Company is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-22-115, the examination report regarding the affairs of the Company is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company failed to properly maintain minutes of meetings of its members and board of directors as required by Tenn. Code Ann. § 48-66-101(a). The Company is **DIRECTED** to keep as permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the board of directors in place of the board of directors in compliance with Tenn. Code Ann. § 48-66-101(a).
2. The Company failed to file its 2021 annual statement properly. The Company is


DIRECTED to file its annual statements in compliance with the Annual Statement Instructions for Tennessee County Mutual Insurers and Tenn. Code Ann. § 56-22-109.

3. The Company made common stock mutual fund investments without the required written custodial agreement in place. The Company is **DIRECTED** to put written agreements in place with the custodian of its securities and to include all required custodial information in that agreement in compliance with Tenn. Comp. R. & Regs. 0780-01-46-.02.
4. The Company's claims handling procedures do not meet the requirements of Tenn. Code Ann. § 56-8-105(3), (4), and (11) related to unfair claims practices. The Company is **DIRECTED** to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies; to attempt in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear, except when the prompt and good faith payment of claims is governed by more specific standards; and, to ensure that the investigation or payment of claims is not delayed by requiring both a formal proof of loss form and subsequent verification that would result in duplication of information and verification appearing in the formal proof of loss form, all of which are all in compliance with Tenn. Code Ann. § 56-8-105(3), (4), and (11).
5. The Company's complaint recordkeeping process does not meet the requirements of Tenn. Code Ann. § 56-8-104(11). The Company is **DIRECTED** to maintain a complete record of all the complaints it has received since the date of its last examination and to ensure that the record indicates the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint, all of which is in compliance with Tenn. Code Ann. § 56-8-104(11).

The adoption of this examination report shall not preclude the Department from imposing sanctions against the Company for potential violations of Tennessee insurance law which may be revealed in the examination report, it being the intent of this Order merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED AND EXECUTED June 28, 2023.


Carter Lawrence (Jun 28, 2023 15:15 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

Jenny Taylor

Jenny Taylor (Jun 27, 2023 16:13 CDT)

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as filed has been emailed to Bill Huddleston, Assistant Commissioner for Insurance, Department of Commerce and Insurance at bill.huddleston@tn.gov; and mailed first class, postage prepaid, to Farmers Mutual Insurance Company of Greene County, Tennessee, 921 W. Main St., Greeneville, Tennessee 37743, on June 28, 2023.

Jenny Taylor

Jenny Taylor (Jun 27, 2023 16:13 CDT)

Jenny Taylor
Associate General Counsel